

Learn more about what these terms mean (glossary):

- **Account:** A classification of appropriation by type of expenditure.
- **Account Number:** Sequence of numbers by which appropriations are categorized. Also: “account string.”
- **Accrual Basis:** The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.
- **Allotment:** The amount that can be expended quarterly for personnel as submitted to the City Auditor at the beginning of each fiscal year.
- **Appropriation:** The legal authorization to expend funds during a specific period, usually one fiscal year. The City Council is the appropriating authority.
- **Authorization:** The legal consent to expend funds.
- **Balanced Budget:** A budget in which revenues equal expenditures.
- **Bond:** An interest-bearing promise to pay, with a specific maturity.
- **Bonds Authorized and Unissued:** The portion of approved bond authorizations or loan orders that has not yet been borrowed for or issued as bonds.
- **General Retirement System (GRS) and Police/Fire Retirement System (PFRS):** Agencies that manages the City’s defined-benefit pension benefits through management of retirement assets of employees and payment of pensions to retired employees.
- **Budget:** A formal estimate of expenditures and revenues for a defined period, usually for one year.
- **Budget Amendment:** A change from originally budgeted quotas requested by departments to the Human Resources Department and the Office of Budget Management who authorize these changes.
- **Budget/Credit Transfer:** The transfer of appropriations from one expenditure account code to another within a department.
- **Capital Budget:** A plan for capital expenditures for projects to be included; the first year of the capital program.
- **Capital Expenditure:** Expenditure for acquiring fixed assets such as land, buildings, equipment, technology and vehicles or for making improvements to fixed assets such as a building addition or renovation.
- **Capital Plan:** A multi-year plan of proposed outlays for acquiring long-term assets and the means for financing those acquisitions, usually by long-term debt.
- **Capital Improvement:** An expenditure that adds to the useful life of the City’s fixed assets.
- **Capital Improvement Program:** A multi-year plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs.
- **Cash basis:** A basis of accounting under which transactions are recognized only when cash changes hands.
- **Chargeback:** A method of billing departments for costs incurred by them but paid by another entity (e.g., telephone, postage, and printing).
- **Collective Bargaining:** The process of negotiations between the City administration and bargaining units (unions) regarding the salary, fringe benefits and working conditions of city employees.
- **Commission:** An appointed policy-setting body.

- **Community Development Block Grant (CDBG):** A federal entitlement program that provides community development funds based on a formula.
- **Credit Balance:** Account or departmental deficit. See departmental deficit.
- **Credit Rating:** A formal evaluation of credit history and capability of repaying obligations. The bond ratings assigned by Moody's Investors Service and Standard & Poor's.
- **Debt Limit:** The maximum amount of debt that a governmental unit may incur under constitutional, statutory, or charter requirements. The limitation is usually a percentage of assessed valuation.
- **Debt Service:** The annual amount of money necessary to pay the interest and principal on outstanding debt.
- **Deficit:** A condition that exists when expenditures exceed appropriations
- **Department:** The major service-providing entity of city government.
- **Depreciation.** Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.
- **Division:** A budgeted sub-unit of a department.
- **Encumbrance:** Funds set aside from an appropriation to pay a known future liability.
- **Expenditure:** An actual payment for goods or services received.
- **Expense/Debit Transfer:** The transfer of actual expenditures from one expenditure account code to another within or between departments.
- **External Fund:** Money that is not generated from city general fund sources, but is received by an agency, such as grants or trusts.
- **Fiscal Policy:** A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.
- **Fixed Assets:** Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.
- **Fringe Benefits:** Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and the various pension, medical, and life insurance plans.
- **Fiscal Year:** The twelve-month financial period used by the City beginning July 1 and ending June 30 of the following calendar year. The City's fiscal year is numbered according to the year in which it ends.
- **Fixed Debt:** Long-term obligations other than bonds, such as judgments, mortgages, and long-term notes or certificates of indebtedness.
- **Full Faith and Credit:** A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.
- **Full-time Equivalent Position (FTE):** A concept used to group together part-time positions into full-time units.
- **Fund:** An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources with all related liabilities, obligations, reserves, and equities that are

segregated for specific activities or objectives. Fund types used by the City include: General, Special Revenue, Capital and Enterprise.

- **Fund Balance:** The excess of the assets of a fund over its liabilities, reserves, and carryover.
- **GAAP:** Generally Accepted Accounting Principles. The basic principles of accounting and reporting applicable to state and local governments, including the use of the modified accrual or accrual basis of accounting, as appropriate, for measuring financial position and operating results. These principles must be observed to provide a basis of comparison for governmental units.
- **General Fund:** The fund into which the general (non-earmarked) revenues of the municipality are deposited and from which money is appropriated to pay the general expenses of the municipality.
- **General Obligation (G.O.) Bonds:** Bonds for whose payment, the full faith and credit of the issuer has been pledged. Commonly, but not always, these bonds are payable from property taxes and other general revenues.
- **Goal:** A statement, in general terms, of a desired condition, state of affairs or situation. By establishing goals, departments can define their missions and the methods for achieving those goals.
- **Grant Year:** The grant accounting period designated by the requirements of a specific grant.
- **Headcount:** The actual number of full-time or full-time equivalent employees in a department at any given time.
- **Interest:** Compensation for the use of money, including at periodic intervals or the time a loan is made.
- **Interest Rate:** The interest payable, expressed as a percentage of the principal available for use during a specified period of time.
- **Line item:** See Expenditure Account Code.
- **Long-term Debt:** Debt with a maturity of more than one year after the date of issuance.
- **Mission:** A general overview of the purposes and major activities of a department or program.
- **Modified Accrual Basis:** The accrual basis of accounting adapted, wherein only current assets and liabilities are reported on fund balance sheets and the fund operating statements present revenues and expenditures. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are recognized when related liability is incurred.
- **Object Account Code:** A classification according to the type of item purchased or service obtained, for example, emergency employees, communications, food supplies, and automotive equipment.
- **Operating Budget:** A legally adopted plan for anticipated expenditures for personnel, contractual services, supplies, current charges, and equipment in one fiscal year.
- **Payments-In-Lieu-of-Taxes:** Income to replace tax lost due to property exempted from taxation.
- **Performance Measure:** An indicator of progress toward a strategy. Measures can be defined for identifying output, work or service quality, efficiency, effectiveness, and productivity.
- **Principal:** The face amount of a bond, exclusive of accrued interest.
- **Program:** An organized group of activities and the resources to execute them.
- **Program Evaluation:** The process of comparing actual service levels achieved with promised levels of service with the purpose of improving the way a program operates.

- **Reimbursement Grant:** A grant that is paid once a project is completed and inspected for conformance to the grant contract. The City must provide the full funding for the project until the reimbursement is received.
- **Reserve Fund:** An appropriation for contingencies.
- **Revenue:** Income received by the City.
- **Turnover Savings:** For budget purposes, savings that accrue due to unfilled budgeted positions in a department.
- **SLA:** A Service Level Agreement (SLA) is a department's stated expectation of the time and results in meeting a service request. The SLA can then be used as a standard of department performance.
- **Special Revenue Fund:** Accounts for proceeds of specific revenue sources (other than special assessments, expendable trusts, or sources for major capital projects) legally restricted to expenditures for specific purposes.
- **State Revenue Sharing:** Annual payment from the State of Michigan to each locality based on legislated formula.
- **Tax Exempt Bonds:** Bonds exempt from federal income, state income, or state or local personal property taxes.
- **Unliquidated Reserve:** A fund established at year-end, used to pay for goods and services received this year, but not billed until next year.
- **Unencumbered Balance.** The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.
- **Unreserved Fund Balance.** The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.
- **User Charges.** The payment of a fee for direct receipt of a public service by the party who benefits from the service.
- **Variable Cost.** A cost that increases/decreases with increases/decreases in the amount of service provided such as the payment of a salary.
- **Work Years.** The amount of personnel resources required for a program expressed in terms of the "full-time equivalent" number of employees. One "work year" is equal to one full-time, year-round employee. For most categories, this equals 2,080 hours per year (40 hours per week times 52 weeks). The number of hours a part-time employee is budgeted to work during the year is divided by 2,080 to arrive at the equivalent number of "work years" for the position.